

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03

INR-07 IO-10 NEA-09 NSAE-00 OPIC-03 SP-02 TRSE-00

CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05 DODE-00 FEAE-00

FPC-01 H-01 INT-05 L-02 NSC-05 PM-03 SAM-01 OES-03

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TO SECSTATE WASH DC IMMEDIATE 5642

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 05108

PASS TREASURY FOR PARSKY

E.O. 11652: N/A

TAGS: EINV, EFIN, ENRG

SUBJECT: IEA AD HOC GROUP ON INVESTMENT AND FINANCIAL
ISSUES

REF: STATE 38842 AND OECD PARIS 3704

1. FOLLOWING FURTHER CONVERSATIONS WITH HOPKINS AND
OTHERS, IEA PROPOSES FOLLOWING DRAFT OUTLINES FOR THREE
ISSUES WHICH BEING INITIALLY CONSIDERED BY AD HOC
FINANCIAL GROUP:

BEGIN QUOTE

I. OPEC INVESTMENT AND AID FLOWS TO DEVELOPING
COUNTRIES

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A. DEFINITION AND IDENTIFICATION OF ISSUES

- (1) CAUSES OF WORSENING OF CURRENT ACCOUNT POSITION OF DEVELOPING OIL CONSUMERS (RELATIVE TO 1970-73 PERIOD).
- (2) FUTURE REQUIREMENTS OF DIFFERENT CATEGORIES OF DEVELOPING COUNTRIES FOR CONCESSIONAL AID AND INVESTMENT.
- (3) COMPARATIVE EFFORTS BY OPEC AND INDUSTRIALIZED COUNTRIES.
- (4) OPEC OBJECTIVES AND POLICIES WITH REGARD TO LDC'S
- (5) CHANGING ROLE OF OPEC IN INTERNATIONAL FINANCIAL INSTITUTIONS AND OTHER ORGANIZATIONS CHARGED WITH AID QUESTIONS.
- (6) FOCUS AND DIRECTION OF OPEC COUNTRY INITIATIVES (BILATERAL OR MULTILATERAL, PROJECT OR NON-PROJECT AID, TERMS AND CONDITIONS, DISTRIBUTION OVER DIFFERENT CATEGORIES OF LDC'S).
- (7) SCOPE FOR JOINT "TRIANGULAR" VENTURES, INVOLVING CAPITAL FROM OPEC AND TECHNOLOGY FROM THE INDUSTRIALIZED COUNTRIES IN DEVELOPMENT OF LDC'S ECONOMIES AND RESOURCES.
- (8) MECHANISMS FOR CO-ORDINATION OF EFFORTS IN THE FIELD OF DEVELOPMENT ASSISTANCE MADE BY OIL PRODUCING AND INDUSTRIALIZED COUNTRIES.

B. INFORMATION AVAILABLE

- (1) DRAFT PAPER SUMMARIZING MOST RECENT TRENDS IN DEVELOPMENT ASSISTANCE, BRINGING OUT ISSUES OF IMPORTANCE FOR PREPARATION OF DIALOGUE, AND REFERRING TO WORK BEING CARRIED OUT BY DAC. (IN PREPARATION)
- (2) HISTORICAL FLOWS OF RESOURCES TO LDC'S FROM OPEC AND INDUSTRIALIZED COUNTRIES, AND CHANGES IN THESE FLOWS DURING 1974 (IN PREPARATION).
- (3) NEW INSTITUTIONAL ARRANGEMENTS AND

C. POSSIBLE FORA FOR CO-OPERATION WITH AD HOC GROUP:
OECD DEVELOPMENT ASSISTANCE COMMITTEE, WORLD BANK,
INTERNATIONAL MONETARY FUND.

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II. INTERNAL INVESTMENT IN OPEC COUNTRIES

A. DEFINITION AND IDENTIFICATION OF ISSUES

- (1) POLICIES REGARDING TECHNOLOGY TRANSFERS AND IMPACT ON PRODUCING AND CONSUMING COUNTRIES
- (2) POLICIES REGARDING INDUSTRIALISATION, AGRICULTURAL AND RURAL DEVELOPMENT, AND

DEVELOPMENT OF THE INFRASTRUCTURE OF
PRODUCER COUNTRIES, INCLUDING VOCATIONAL
TRAINING AND CONSULTANT PROGRAMMES, AND JOINT
VENTURES, COMMERCIAL AND GOVERNMENTAL.

- (3) IMPACT OF THESE POLICIES ON THE ECONOMIC
STRUCTURE OF THE CONSUMER COUNTRIES
- (4) PROBLEMS ASSOCIATED WITH THE TRANSFER OF REAL
RESOURCES
- (5) OBJECTIVES AND ROLE OF THE CONSUMING COUNTRIES,

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INCLUDING POSSIBLE NEW MECHANISMS

- (6) RELATIONSHIP OF INTERNAL INVESTMENT IN
PRODUCER COUNTRIES WITH AID TO LDCS AND
OPEC INVESTMENT IN CONSUMER COUNTRIES.

B. BACKGROUND INFORMATION AVAILABLE

- (1) ABSORPTIVE CAPACITY OF PRODUCER COUNTRIES -
1974 EXPERIENCE AND PROSPECTS (WORLD BANK
ANNUAL REPORTS, IMF REPORTS, DAC, OECD
DEVELOPMENT CENTRE REPORTS)
- (2) CURRENT POLICIES AND PROGRAMMES OF OPEC
COUNTRIES INCLUDING 1973-1974 ARRANGEMENTS
AND AGREEMENTS WITH OTHER COUNTRIES (DAC,
ECONOMIC COMMISSION FOR WEST ASIA, BEIRUT,
WORLD BANK MIDDLE EAST DEPARTMENT)

C. INFORMATION REQUIRED

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- (1) ANALYTICAL COUNTRY-BY-COUNTRY STUDY OF OPEC
DEVELOPMENT PLANS AND CAPACITIES, UPDATED ON A
DYNAMIC BASIS

D. SOURCE OF ANALYTICAL WORK: OECD DEVELOPMENT CENTRE.

III. OPEC LONG-TERM INVESTMENT IN INDUSTRIALISED
COUNTRIES

A. DEFINITION AND IDENTIFICATION OF ISSUES

- (1) CAPITAL REQUIREMENTS FOR CONSUMER COUNTRIES
AND DOMESTIC AVAILABILITY
- (2) HARMONISATION OF CONSUMER COUNTRY POLICIES
TOWARDS FOREIGN INVESTMENTS
- (3) POTENTIAL CONFLICT BETWEEN MOVES TO
LIBERALISE INVESTMENT POLICIES (E.G. TO
DEGREE ALREADY APPLYING TO OECD COUNTRIES)
AND NEED FOR CONTROL ON INVESTMENTS WHICH
MIGHT BE DETRIMENTAL TO CONSUMER COUNTRY
- (4) POSSIBLE CONFLICTS BETWEEN BILATERAL AND
MULTILATERAL INITIATIVES
- (5) POTENTIAL OPEC INVESTMENT; MAGNITUDE, TIMING,
AND DISTRIBUTION
- (6) POLICIES AND OBJECTIVES OF OPEC COUNTRIES;
POSSIBLE INSURANCE AGAINST POLITICAL ACTION
- (7) TRANSPARENCY OF OPEC INVESTMENT
- (8) POSSIBLE NEW MECHANISMS, E.G. CREATION OF
CONSUMER-PRODUCER INVESTMENT AGENCY, SUCH AS
WAS PROPOSED IN THE ECG.

B. INFORMATION AVAILABLE

- (1) EXISTING POLICIES TOWARDS FOREIGN INVESTMENT
IN GENERAL AND OPEC INVESTMENT IN PARTICULAR
(OECD COMMITTEE ON INVISIBLE TRANSACTIONS)
- (2) 1974 EXPERIENCE (OECD COMMITTEE ON FINANCIAL
MARKETS)
- (3) BACKGROUND PAPER ON OPEC INVESTMENT IN

INDUSTRIALIZED COUNTRIES (UNDER PREPARATION
BY OECD SECRETARIAT, TO BE REVIEWED BY
INVESTMENT COMMITTEE MARCH 3)

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C. POSSIBLE FORA FOR ANALYTICAL WORK AND CO-OPERATION
WITH AD HOC GROUP

OECD COMMITTEE ON FINANCIAL MARKETS; OECD COMMITTEE
ON INTERNATIONAL INVESTMENT AND MULTINATIONAL
ENTERPRISES; COMMITTEE FOR INVISIBLE TRANSACTIONS.
END QUOTE

2. ONLY NEW DOCUMENTS EXPECTED TO BE AVAILABLE AT TIME
OF AHFG MEETING WILL BE SINGLE PAPER REFERRED TO IN PARA
1(I)(B)(1--3), AND POSSIBLY THE PAPER (IME(75)2) PREPARED
FOR NEW INVESTMENT COMMITTEE (IME), TRANSMITTED SEPTEL.
BACKGROUND INFORMATION, REFERRED TO AS "BEING AVAILABLE",
EXISTS IN SECRETARIAT ARCHIVES, BUT PROBABLY WILL NOT BE
READILY AVAILABLE FOR AHFG MEETING. MISSION WILL URGE
THAT SECRETARIAT HAVE AVAILABLE FOR AHFG MEETING
BIBLIOGRAPHY OF BACKGROUND INFORMATION AND COPIES OF
DOCUMENTS PREPARED IN OECD. OBJECT OF AHFG MEETING WILL
BE TO DISCUSS THE OUTLINE AND TO SET UP A WORK PROGRAM.

3. ISSUES REFERRED TO IN PARA 1(III) ON OPEC INVESTMENT
IN INDUSTRIALIZED COUNTRIES WILL BE FOCUSSED ON BY IME.
MISSION BELIEVES PRINCIPAL FOCUS OF AHFG ON THIS TOPIC
WILL BE REPORT STATUS AND OBJECTIVES OF IME'S WORK BY
SECRETARIAT.

4. ACTION REQUESTED: MISSION WOULD APPRECIATE ANY
FURTHER COMMENTS ON THE OUTLINE BY C.O.B.
FEBRUARY 28, AS SECRETARIAT WOULD LIKE TO DISTRIBUTE
OUTLINE TO OTHER DELEGATIONS AS SOON AS POSSIBLE.
TURNER

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